

THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF STOCKTON EAST WATER DISTRICT WAS HELD AT THE DISTRICT OFFICE
6767 EAST MAIN STREET, STOCKTON, CA
ON TUESDAY, MAY 15, 2018 AT 12:00 NOON

A. PLEDGE OF ALLEGIANCE AND ROLL CALL

President McGurk called the regular meeting to order at 12:27 p.m., and Director Watkins led the Pledge of Allegiance.

Present at roll call were Directors Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti and Watkins. Also present were Manager Moody, Assistant Manager Johnson, District Engineer Lee, Finance Director Vega, Administrative Services Manager Carido and Legal Counsel Zolezzi and Consultant Barkett.

B. CONSENT CALENDAR (None)

C. PUBLIC COMMENT (None)

D. SCHEDULED PRESENTATIONS AND AGENDA ITEMS

1. Minutes 05/08/18 Regular Meeting

Director Cortopassi made the following correction to the misspelling in the minutes:

- Page 2, section D-3, 3rd paragraph, 1st sentence – add an “i” to correctly read Director Cortopassi.

A motion was moved and seconded to approve the May 8, 2018 Regular Meeting Minutes, as amended.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

2. Warrants

- a. Fund 70 – Administration Fund
- b. Fund 71 – Water Supply Fund
- c. Fund 91 – Vehicle Fund
- d. Fund 94 – Municipal & Industrial Fund
- e. Payroll
- f. Summary
- g. Short Names/Acronym List
- h. SEWD Vehicles & Equipment

Director Sanguinetti inquired on the expense on page 9, line item 4 for Fastenal Company for wiper blades for Unit #37 in the amount of \$6.94. Director Sanguinetti commented that in previously presented warrants, wiper blades were purchased for inventory and now more wiper blades have been purchased for installation. Manager Moody replied Unit No. 37 had an oil change and new wiper blades.

Director Cortopassi inquired on the expenses on page 11, line items 4 &5 for ACWA/JPIA Health Benefits for M&I in the amount of \$44,583.30 and retired M&I in the amount of \$9,698.29. Finance Director Vega replied M&I consists of ~20 current staff from Maintenance; Operations and Water Supply Departments who are able to select benefit coverages from Anthem BlueCross HMO, PPO or Kaiser HMO plans. The average cost is ~\$2,000 per employee.

President McGurk inquired on the expense on page 9, line 3 item 3 for Diamond Mowers Inc., for parts to repair mower attachment on Unit #38. Finance Director Vega replied repair of the attachment's pivot arm cost ~2,000 and the secondary boom cost in the amount of \$1,000. Manager Moody reported the pivot on the knuckle of the arm wore out and had to be replaced. Discussion about the mower equipment and the attachments followed.

A motion was moved and seconded to approve the May 15, 2018 Warrants, as presented.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

3. Raw Water Reliability Improvements

Manager Moody gave a presentation to the Board on the Raw Water Delivery Reliability and Improvement Project. Manager Moody reported of the water treatment challenges of turbidity and timeframe of switching between New Melones water supply and New Hogan water supply that occur due to rain events, noting the ability to use one system at a time. Manager Moody then provided an overview of the completed design project and guaranteed maximum price proposal from Gateway Pacific Contractors for design and constructability. Manager Moody noted again that the Nexgen design allows the District to combine or isolate New Melones or New Hogan waters to the Water Treatment Plant or Recharge Basins as needed. Manager Moody noted the Project's Guaranteed Maximum Price Proposal is \$4,846,440. Manager Moody reported ~\$1.3 million for piping and repair work is in the current Fiscal Year 2018/2019 Budget. Manager Moody reviewed the current balances and reported that ~6.9 million is currently in Fund 89. Another \$2.5 million is budgeted to Fund 89 this Fiscal Year 2018/2019. Manager Moody recommended a Budget Amendment to transfer funds from Fund 89 to cover the remainder of the Project costs.

President McGurk inquired on Project completion. District Engineer Lee replied completion by October and noted the Project would begin with the dirt work first while ordering the piping and valves.

A motion was moved and seconded to approve the Raw Water Delivery Reliability and Improvement Project to Gateway in an amount not to exceed \$4,846,440.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

4. Out of District Non-Potable Water Service Agreement
a. Whittle Ranch, Inc. (Donald Whittle)

Manager Moody provided the Board with information on the Out of District Non-Potable Water Service Agreement for Whittle Ranch Inc. Assistant Manager Johnson reported on the requirement to have an executed Agreement prior to providing out of District water. Assistant Manager Johnson reported the Whittle Ranch Inc., water request would serve APN 001-009-031 and 001-009-032.

Director Cortopassi inquired if another Agreement needs to be executed next year. Legal Counsel Zolezzi replied the Agreement and language was drafted so that subsequent Agreements do not need to be executed and that the current water rates adopted by the Board each year will apply.

A motion was moved and seconded to approve the Out of District Non-Potable Water Service Agreement between the Whittle Ranch, Inc., (Don Whittle) and Stockton East Water District.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

b. Echandi Land Company (Patricia Echandi, Partner)

Manager Moody provided the Board with information on the Out of District Non-Potable Water Service Agreement for Echandi Land Company (Patricia Echandi, Partner). Assistant Manager Johnson reported this is another out of District Agreement for a request to serve water APN 18318001 which is located within the boundary of Central San Joaquin Water Conservation District (Central). Manager Moody reported Central's General Manager Reid Roberts, has given authorization to approve servicing this parcel for one-time (this year). Assistant Manager Johnson reported Alan Owing (irrigator on the property) will be charged a flat rate of 2.8 acre-feet per acre for his corn crop.

A motion was moved and seconded to approve the Out of District Non-Potable Water Service Agreement between the Echandi Land Company, (Patricia Echandi, Partner) and Stockton East Water District.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nays: None
Abstain: None
Absent: None

5. Resolution No. 18-19-01 – Approving the Disposal of Surplus Property

Manager Moody provided the Board with Resolution No. 18-19-01 – Approving the Disposal of Surplus Property; and, requested to remove the item from the agenda due to miscommunication with staff. Director Sanguinetti commented on Mulrooney Auction Company's auction this weekend at 3041 W. HWY 4; noting some items can be taken to this auction. Discussion followed regarding the items to surplus. The Board advised for the General Manager to use discretion on what items to be surplus, and advised editing the Resolution to reflect such.

A motion was moved and seconded to approve Resolution No. 18-19-01 – Approving the Disposal of Surplus Property.

Roll Call:

Ayes: Atkins, Cortopassi, McGaughey, McGurk, Panizza, Sanguinetti, Watkins
Nayes: None
Abstain: None
Absent: None

6. Greater Stockton Chamber of Commerce 2018-2021 Board of Directors Election
Manager Moody provided the Board with the ballot for the Greater Stockton Chamber of Commerce 2018-2021 Board of Directors Election. Director McGaughey commented knowing Ballot Nominee, Robert Melrose, CD. The Board took no action. This item was for information only.

E. COMMITTEE REPORTS

1. Groundwater Sustainability Plan Advisory Committee (PAC) Meeting, 05/09/18
District Engineer Lee attended the May 9, 2018 Groundwater Sustainability Plan Advisory Committee (PAC) Meeting. District Engineer Lee reported discussions focused on the Integrated Water Flow Model. District Engineer Lee reported ~17 Groundwater Sustainable Agencies (GSAs) contributed water supply data. District Engineer Lee noted the data looks good with ~80% of the data being within the desired Groundwater Model line. The PAC made the recommendation to the Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority for use in the Groundwater Sustainability Plan (GSP); and nominated Brandon Nakagawa, Water Resources Coordinator San Joaquin County Department of Public Works to be the primary contact with the Department of Water Resources (DWR) for all future technical assistance grants.
2. Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting, 05/09/18
Director Panizza attended the May 9, 2018 Eastern San Joaquin Groundwater Authority Joint Exercise of Powers Authority Meeting. Director Panizza reported the Authority took action and approved the Eastern San Joaquin Water Resources Model. Director Panizza also reported the Authority received data on water use in the City of Lathrop's area of the Basin and noted there was no historical data of the City of Lathrop's water use available. The next meeting is scheduled for June 13, 2018.
3. Delta Coalition Committee Meeting, 05/14/18
Consultant Barkett attended the May 14, 2018 Delta Coalition Committee Meeting. Consultant Barkett reported Consultant Barkett reported a 5-minute update was given on the 2018 San Joaquin Council of Governments One Voice Trip and San Joaquin Area Flood Control Agency (SJAFC). Additionally, the Coalition will make the decision next month if the Coalition should disband. The next meeting is scheduled for June 11, 2018.
4. San Joaquin County & Delta Water Quality Coalition Meeting, 05/14/18
No information to report.

F. REPORT OF GENERAL MANAGER

1. Water Supply Report as of 05/07/18
Manager Moody provided a handout of the Water Supply Report for information only that included storage, release, and production data collected from various sources as of midnight last night.

There is 218,337 AF in storage at New Hogan Reservoir. Current releases are set at 212 cfs. There is 2,028,907 AF in storage at New Melones Reservoir. Current release at Goodwin Dam to Stanislaus River are set at 3,006 cfs and release to all water users are set at 4,080 cfs. The water treatment plant is currently processing 27 mgd. The City of Stockton is currently processing 13 mgd.

Manager Moody advised staff to add a line to the Water Supply Report to reflect the number of Out of District water users.

2. Information Items:

Manager Moody noted items: F2a-1, F2a-2, F2a-3 and F2a-4.

Director Cortopassi commented the Association of California Water Agencies (ACWA) should do more education on the economics and should fight more on the reality of public benefit.

3. Report on General Manager Activities

Habitat Conservation Plan (HCP) Meeting, 05/11/18

Manager Moody attended the May 11, 2018 Calaveras River Habitat Conservation Plan (HCP) Meeting. Manager Moody reported Legal Counsel Harrigfeld, FishBIO and staff attended were in attendance and that it was a good meeting.

Manager Moody reported to the Board being out of the office on Thursday, May 17, 2018. Additionally, Manager Moody reported being out of the office in June to attend family events in Nebraska.

G. DIRECTOR REPORTS

1. Association of California Water Agencies – 2018 Spring Conference Sacramento, CA, 05/08/18 – 05/11/18

Directors Atkins, Mcgurk, Sanguinetti Watkins and Manager Moody attended the May 8, 2018 Association of California Water Agencies (ACWA) Spring Conference in Sacramento, California. Director Sanguinetti attended the AG Committee Meeting and expressed his disappointment of attending ACWA for the last 20 years and only now having an AG Committee Meeting at this Conference. Director Sanguinetti voiced concern that ACWA may be too late with their AG efforts. Director Sanguinetti reported a presentation was given on the state of agriculture. The presentation included a comparison of the amount of water used to produce a gallon of milk; a serving of steak and broccoli noting water use does not vary much between the three in order to produce, and on the dairy industry and the effects if this industry shrunk due to relocation out of the state. Director Sanguinetti also attended the Statewide Issues Forum – California Water Plan Update 2018: Greater Sustainability and How to Pay for It. Director Sanguinetti reported funding for ~93 billion over 50 years by charging households a water tax in the amount of ~14.00/month.

Manager Moody attended the Attorneys Program – Water Conservation, Waste & Unreasonable Use. Manager Moody reported the Program focused on permanent conservation measures noting if the State Water Resources Control Board (SWRCB) enacted all conservation measures, the total water saved would be ~13,000 acre-feet. Manager Moody noted to the Board of the District being a signatory party of a letter of opposition regarding water conservation Legislation and expressed concern of potential Legislation passing establishing precedent and giving SWRCB authority to determine “unreasonable use” of water.

Manager Moody attended the Region 4 Meeting and reported on a presentation given by Robert Greenfield, Legal Counsel ACWA/JPIA to establish a liability insurance pool for Groundwater Sustainable Agencies (GSAs), for legal representation if involved in statewide issue lawsuits against a landowner. Manager Moody reported the ACWA/JPIA would fund this liability pool by collecting between ~\$7,500 and \$10,000 annually for the next four-years. ACWA/JPIA also reported of a shortfall in post-retirement benefits in the amount of \$350,000 and hiring an outside firm to audit.

President McGurk attended the Region 4 Business Meeting and reported ACWA's AG Committee does not have direct access to the ACWA Board of Directors. Instead, AG Committee needs would provide issues to their Region Committee or through another Committee (State Leg, etc.). The ACWA Fall Conference is scheduled for December 3rd – 6th, 2018 in San Diego, California.

H. COMMUNICATIONS (None)

I. AGENDA PLANNING/UPCOMING EVENTS

1. San Joaquin County Flood Control and Water Conservation District Advisory Water Commission Meeting, 1:00 p.m., 05/16/18
2. Water Education Foundation – Bay Delta Tour – Stockton Area Water Suppliers Sponsored Dinner, 6:00 p.m., 05/16/18
3. Central Valley Project Water Association – Executive & Financial Affairs Committee, 10:00 a.m., 05/18/18
4. Meeting with Central San Joaquin Water Conservation District, 05/18/18
5. California Special Districts Association Legislative Days - Sacramento, CA, 05/22/18 – 05/23/18

J. REPORT OF THE COUNSEL

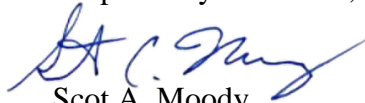
1. Closed Session - Potential Litigation
Government Code 54956.9 (c) – one case

President McGurk adjourned the meeting to closed session at 2:19 p.m. to discuss closed session agenda items. The regular meeting reconvened at 2:58 p.m., with no reportable action.

K. ADJOURNMENT

President McGurk adjourned the meeting at 2:59 p.m.

Respectfully submitted,


Scot A. Moody
Secretary of the Board

kmc

